

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 FRB-02

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R 280755Z AUG 73

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 1572

INFO AMCONSUL BRISBANE

AMCONSUL PERTH

AMCONSUL MELBOURNE

AMCONSUL SYDNEY

LIMITED OFFICIAL USE CANBERRA 4773

FROM AMBASSADOR FOR ASSISTANT SECRETARY ARMSTRONG AND COMMERCE

E.O. 11652: N/A

TAGS: BGEN, AS

SUBJ: SECOND MEETING OF U.S. BUSINESS LIAISON COMMITTEE

REF: CANBERRA 3893

1. SUMMARY. AMERICAN CHAMBER OF COMMERCE EMBASSY LIAISON COMMITTEE HELD ITS SECOND MEETING WITH ME AUGUST 27 IN SYDNEY. DURING FOUR-HOUR SESSION WE REVIEWED INTERIM DEVELOPMENTS ON SUBJECTS IN THE JULY 11 MEETING AGENDA (REFTEL, AND INITIATED WHAT WE HOPE WILL BE A NEW PROJECT FOR COMMITTEE ASSISTANCE ON INCREASING U.S. EXPORTS TO AUSTRALIA. MEETING CONSISTED OF 9 MEMBERS OF THE AMCHAM COMMITTEE AND SIX REPRESENTATIVES FROM EMBASSY, CONGEN SYDNEY AND TRADE CENTER. COMMITTEE MEMBERS CONTINUED TO BE DISTURBED PRIMARILY BY UNCERTAINTIES IN AUSTRALIAN POLICY, ESPECIALLY AS THEY AFFECT INVESTMENT AND DEVELOPMENT PROJECTS. I PLAN TO MEET WITH THE COMMITTEE AGAIN ABOUT

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THE END OF OCTOBER. END SUMMARY.

2. ON AUGUST 27 I MET FOR 4 HOURS IN SYDNEY WITH THE LIAISON COMMITTEE OF THE AMERICAN CHAMBER OF COMMERCE IN AUSTRALIA (AMCHAM). THE MEETING INCLUDED SENIOR BUSINESS EXECUTIVES FROM SYDNEY, MELBOURNE AND PERTH AND WAS THE SECOND IN WHAT IS INTENDED TO BE A REGULAR SERIES. MAJOR NEW TOPICS IN THIS MEETING'S AGENDA WERE THE QUESTION OF HOW RESIDENT U.S. BUSINESS COMMUNITY CAN WORK WITH US TO INCREASE U.S. EXPORTS TO AUSTRALIA, AND MY OWN SUMMARY REPORT ON THE WHITLAM VISIT TO WASHINGTON. BALANCE OF THE AGENDA WAS DEVOTED TO BRIEFINGS BY COMMITTEE MEMBERS ON RECENT DEVELOPMENTS IN THE AREAS OF MINING, INVESTMENTS, AND PRICE JUSTIFICATION, ALL OF WHICH WERE TOUCHED UPON AT THE COMMITTEE'S INITIAL MEETING IN JULY. WE HAD A USEFUL EXCHANGE OF VIEWS AND BOTH THE GOVERNMENT AND THE BUSINESS REPRESENTATIVES FOUND THE MEETING HIGHLY INFORMATIVE.

3. THE EMBASSY'S PRINCIPAL OBJECTIVE IN THIS MEETING WAS TO GET THIS COMMITTEE TO FOCUS ON THE QUESTION OF U.S. EXPORT SALES IN AUSTRALIA AND TO OBTAIN THE ACTIVE COOPERATION OF AMCHAM AND THE RESIDENT AMERICAN BUSINESS COMMUNITY IN THESE EFFORTS. IN THE COURSE OF THE DISCUSSION, BASED UPON AN EMBASSY DISCUSSION PAPER PREVIOUSLY PROVIDED TO THE COMMITTEE, THE MEMBERS MADE PRELIMINARY COMMENTS, AND UNDERTOOK TO STUDY THE QUESTION MORE THOROUGHLY AS A BASIS FOR A FURTHER DISCUSSION AND CONSIDERATION OF MORE SPECIFIC STEPS DURING THE NEXT FEW WEEKS. IN THE PRELIMINARY COMMENTS 3 MAIN POINTS EMERGED:

(1) A QUICK SURVEY MADE BY AMCHAM FOR THIS MEETING OF RECENT DEVELOPMENTS IN IMPORT SOURCING BY 20 MAJOR U.S. FIRMS IN AUSTRALIA SHOWED ENCOURAGING EVIDENCE OF A BEGINNING OF SHIFTS TO U.S. SOURCING IN CERTAIN FIELDS.

(2) MANY COMPANIES ARE NOW BEGINNING TO REVIEW THEIR MANUFACTURING AND IMPORTING PROGRAMS TO IDENTIFY SIGNIFICANT CHANGES IN COST RELATIONSHIPS WHICH MIGHT SUGGEST ADDITIONAL IMPORT FROM THE U.S.

(3) MANY SUCH EFFORTS ARE ALREADY BEING LIMITED BY SUPPLY SHORTAGES IN THE UNITED STATES.

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4. I DESCRIBED FOR THE COMMITTEE DEVELOPMENTS DURING THE PRIME MINISTER'S VISIT TO WASHINGTON AND BRIEFLY REVIEWED OUR ASSESSMENT OF THE CURRENT POLITICAL SITUATION AS IT BEARS ON AMERICAN BUSINESS INTERESTS. I SUGGESTED THAT THEY NOT TAKE AT FACE VALUE THE MOST EXTREME STATEMENTS IN PAST MONTHS BY PUBLIC FIGURES. WHILE WE CERTAINLY FACE DIFFICULT PROBLEMS IN AUSTRALIA, OUR EXPERIENCE HAS BEEN THAT SPECIFIC POLICIES, WHEN DEVELOPED, MAY BE SOMEWHAT LESS SEVERE THAN PUBLIC STATEMENTS IN THE FIRST FEW MONTHS OF THE NEW GOVERNMENT WOULD SUGGEST.

5. IN THE BALANCE OF THE MEETING THE COMMITTEE MEMBERS REVIEWED THE STATE OF PLAY WITH RESPECT TO MINING, PETROLEUM, PRICES JUSTIFICATION AND INVESTMENT. THE CONSENSUS CONTINUED TO BE, AS AT THE PREVIOUS MEETING, THAT THE MOST IMPORTANT PROBLEM TO DATE IS THE UNCERTAINTY OVER SPECIFIC POLICIES WHICH WILL EVENTUALLY APPLY TO THE ENTRY AND ROLE OF FOREIGN CAPITAL AND IN SUCH FIELDS AS PRICE JUSTIFICATION. GENERALIZED MINISTERIAL STATEMENTS CONCERNING POSSIBLE FUTURE POLICIES PLUS THE LACK OF SPECIFIC DECISIONS ON THOSE POLICIES HAS PRODUCED A GENERAL FREEZE ON MAJOR DEVELOPMENT PROJECTS. I THINK IT IS POSSIBLE WE ARE APPROACHING THE END OF THIS PERIOD OF INDECISION, AND THAT THE CURRENT PARLIAMENTARY SESSION, WHICH OPENED LAST WEEK, MAY SEE THE UNVEILING OF SPECIFIC POLICIES WHICH WILL, FOR BETTER OR WORSE IN SPECIFIC CASES, GRADUALLY CLEAR AWAY MANY OF THE UNCERTAINTIES NOW CONFRONTING BUSINESS.

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